

01 0500 EDT June 04



DEPARTMENT
OF
DEFENSE

WORKING PAPERS Iraq Status

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Highlights

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CPA Priorities:

- Governance
- Essential Services
- Economy
- Security
- Strategic Communications

CPA Intermediate Objectives:

- Support transition to sovereignty
- Develop framework and capacity for elections
- Build Financial Market Structure
- Reconstitute Oil Infrastructure

Weekly Highlights:

- Mr. Iyad Allawi nominated unanimously by the Iraqi Governing Council (IGC) for prime minister of the Interim Iraqi Government
- UN panel interviewed candidates for key Independent Election Commission (IEC) positions
- Iraq's annualized inflation rate for Apr 04 was 19.6%, down from a peak of 47.7% in Oct 03
- Estimated crude oil export revenue is over \$6.2 billion for 2004 to date



Governance

- **Former exile Mr. Iyad Alawi's nomination for prime minister of the Interim Iraqi Government unanimously endorsed by Iraqi Governing Council (IGC)**
 - **UN Special Representative Lakhdar Brahimi "respects" the decision and will work with Alawi to pick remainder of government**
- **Brahimi continues consultations with a broad spectrum of Iraqi people and their leadership**
- **UN completed processing the 1,878 nominations for the Independent Election Commission (IEC) positions**
 - **UN panel interviewing 25 short-listed candidates**
 - **18 nominations will then be submitted to IGC for review**
- **Iraqi Property Claims Commission (IPCC) Offices accepted 2,582 claims as of 21 May, providing Iraqis a means to resolve property ownership disputes**
- **Ministries of Transportation and Environment transitioned to**

CPA Objective: Governance

Support Transition to Sovereignty; Develop Civic Participation in Governance; Develop Framework and Capacity for Elections; Promote Respect for Human Rights; Promote Durable Solutions for Refugees and Internally Displaced Persons (IDPs)



Governance (Cont) - National

Transition

2004

08 Mar

Transitional Administrative Law
signed

End-
May

Establishment of Election Commission
(approximate date)

End-
May

Selection of Interim Government
(approximate date)

30 Jun

Iraqi Interim Government takes
power

Phase I
(Interim Government)

July/Au
g

National Conference selects Consultative
Council

2005

31 Jan

Elections for the National Assembly complete: NLT
31 Jan 05 (31 Dec 04 if possible)

Early
'05

Iraqi Transitional Government takes
power

Phase II
(Elected Government)

15 Aug

National Assembly completes draft of permanent
constitution

15 Oct

Referendum for permanent
constitution

15 Dec

Elections for government completed

31 Dec

Elected government assumes
office



Strategic Communication

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- **USAID's Democracy Development Activities (DDA) program organized over 9,000 sessions in Iraq, with 280,000 participants**
 - **Stimulated civic participation and increased Iraqis' understanding of the Transitional Administrative Law (TAL) and basic democratic principles**
- **Other activities continue in support of political transition and the TAL including:**
 - **Distribution of booklets and leaflets on the TAL**
 - **Numerous focus groups, seminars, public forums, and town hall meetings across Iraq**
- **CPA and USAID continue to undertake extensive activities providing assistance to Iraqi women, including:**
 - **Establishment of women's centers**
 - **Vocational training and education programs**



Essential Services - Water and Sanitation

- Work is continuing on the expansion of Shark Dijlah water treatment plant in Baghdad
 - Improvements to the plant will increase potable water flow by 45 percent to the underdeveloped area of east Baghdad
 - Sharkh Dijlah is one of two main water treatment plants that serve 4.7 million Baghdad residents
- Mechanical and electrical work is more than 50 percent complete at Ad Diwaniyah wastewater treatment plant
 - Will benefit more than 80,000 when completed in Aug 04
- Repairing damaged water and sewage stations and networks in Fallujah to address urgent needs after the recent conflicts
 - Will be completed by end of Jun and benefit more than

CPA Water Objective: Provide Water Supply, Sewerage & Municipal Services; Improve Water Resource Management

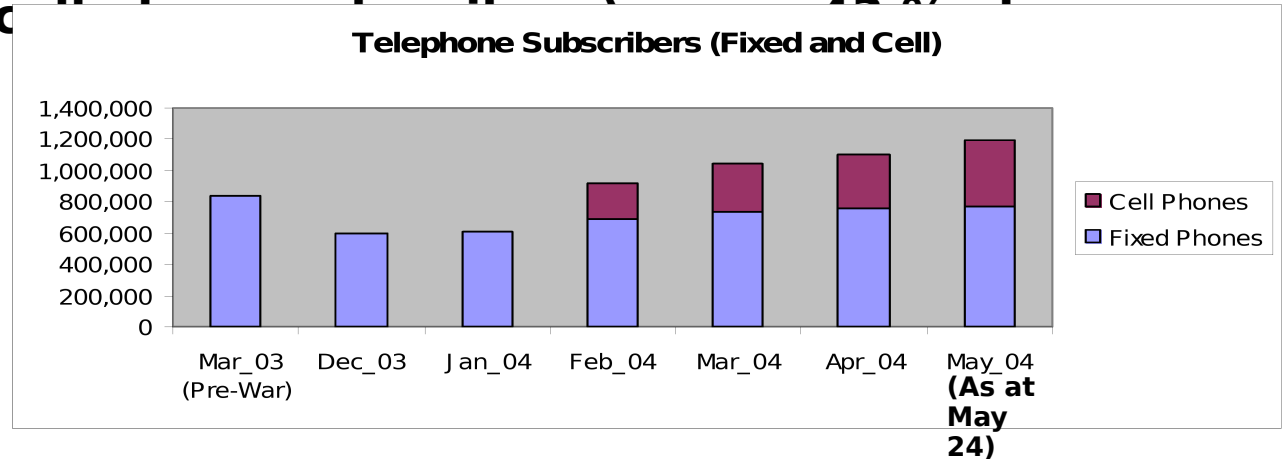
Create viable organization to deliver water/sewerage/municipal services (WSMS); Expand WSMS to meet national needs; Develop full range of municipal services & inclusive delivery mechanism; Infrastructure improvements to water resource system; Facilities improvements & capacity building within Ministry



Essential Services -

- **Telecommunications and Postal**
 1,192,000
 (inc. 415,000 c

- **Charles shows trend in number of telephone subscribers**



- **Completed the Baghdad Digital Network, which provides emergency communications capability for police, fire and emergency medical technicians**

CPA Objectives: Reconstruct Communications & Postal Systems

Build Iraq's first responder network • Establish independent regulatory agency • Upgrade Iraqi Telephone and Postal Company (ITPC) network • Build transmission component data network for Iraq, including international gateways • Restructure ITPC and its business operations • Upgrade and modernize postal systems • Upgrade ITPC outside plant for increased subscriber capacity and use



Essential Services - Transportation

- **Reconstruction of Baghdad International Airport (BIAP) and other activities continue in preparation for commercial operations and increased traffic**
 - More than 30 cargo handlers unload up to 45 tons of cargo each day
 - BIAP transition timeline due to commence on 01 Jun with Iraqi Air Traffic Control (ATC) taking over the civilian side of airport operations
 - Work is expected to be complete by Aug 04
- **Port Umm Qasr received 50 ships in Apr and over 40 in May, dredging of the port continues**
- **Work initiated on a \$7M project for salvage and dredging at the port of Khor Az Zubayr to enable oil tankers to use dock**

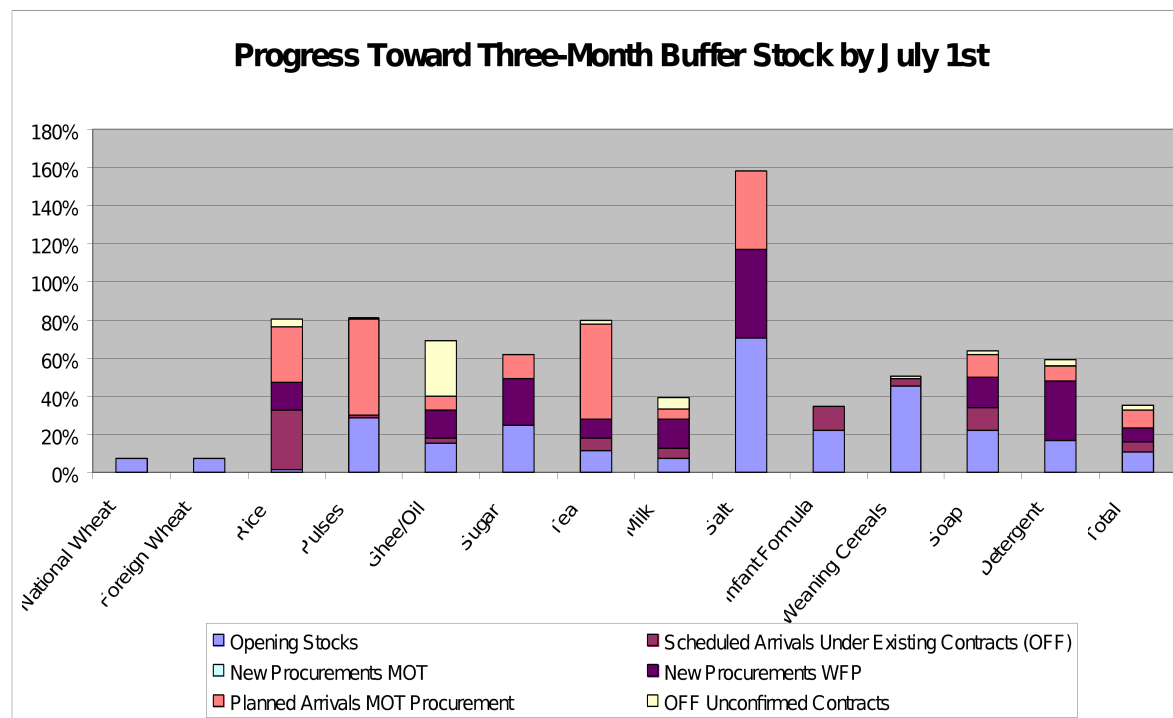
CPA Objectives: Restore Economically Strategic Transportation Infrastructure

Enable Iraqi civil aviation to prepare for international commercial aviation and cargo service • Enable Iraqi Port Authority to administer a port of call with intermodal capabilities and inland container distribution • Enable Iraqi Republic Railways to provide domestic and international passenger and freight capabilities • Reform civil service at Ministry of Transportation



Essential Services - Food Security

- Chart below shows % of estimated requirements for Public Distribution System (PDS) goods from Apr - 01 Jul
- Requirement includes stocks sufficient for the period and a three month buffer by 01 Jul
- While substantial additional shipments of most goods have been procured, they are not shown as these



CPA Food Security Objective: Provide Food Security for all Iraqis

Enhance capacity of Ministry of Agriculture • Assure supply of inputs • Strengthen research system • Ensure adequate stocks for Public Distribution System (PDS) • Monitor food security • Hand over administration of system in the North • Initiate reform of rations



Essential Services - Food Security

(cont)

- **Buffer stock build-up is slower than anticipated, due to delays in finalizing the first round of Ministry of Trade (MoT) contracts**
- **Transporting commodities from Um Qasr to warehouses and silos has been affected by truck drivers concerned about hijackings and robberies**
- **Concerns over wheat requirements for June addressed by additional procurement by CPA / MoT of 100,000 metric tons of flour and scheduled arrivals of wheat supplied by World Food Program**
- **A schedule for the second phase of MoT commodity procurements was due to be finalized by 30 May**



Essential Services - Health Care

- **Estimated that 85% of children have now been immunized and rates will increase with ongoing programs**
- **240 Iraqi hospitals and over 1,200 preventive health clinics are operating**
- **Drug and medical supply shortages continue to be reported, especially in the South, however:**
 - **First shipment of Ministry of Health (MoH) emergency drug purchase received and two more shipments were due to arrive last week**
 - **A second emergency drug purchase was finalized last week**
- **Twenty-four MoH employees attended a World Bank sponsored training seminar in Amman covering the establishment of National Health Accounts**
 - **Will help the MoH make cost-based decisions as they establish a sustainable National Health Care finance system**

CPA Health Objective: Improve Quality and Access to Health Care

**Develop health care organizations, management, & infrastructure;
Train health care professionals; Pharmaceuticals logistic support;**



Essential Services - Education

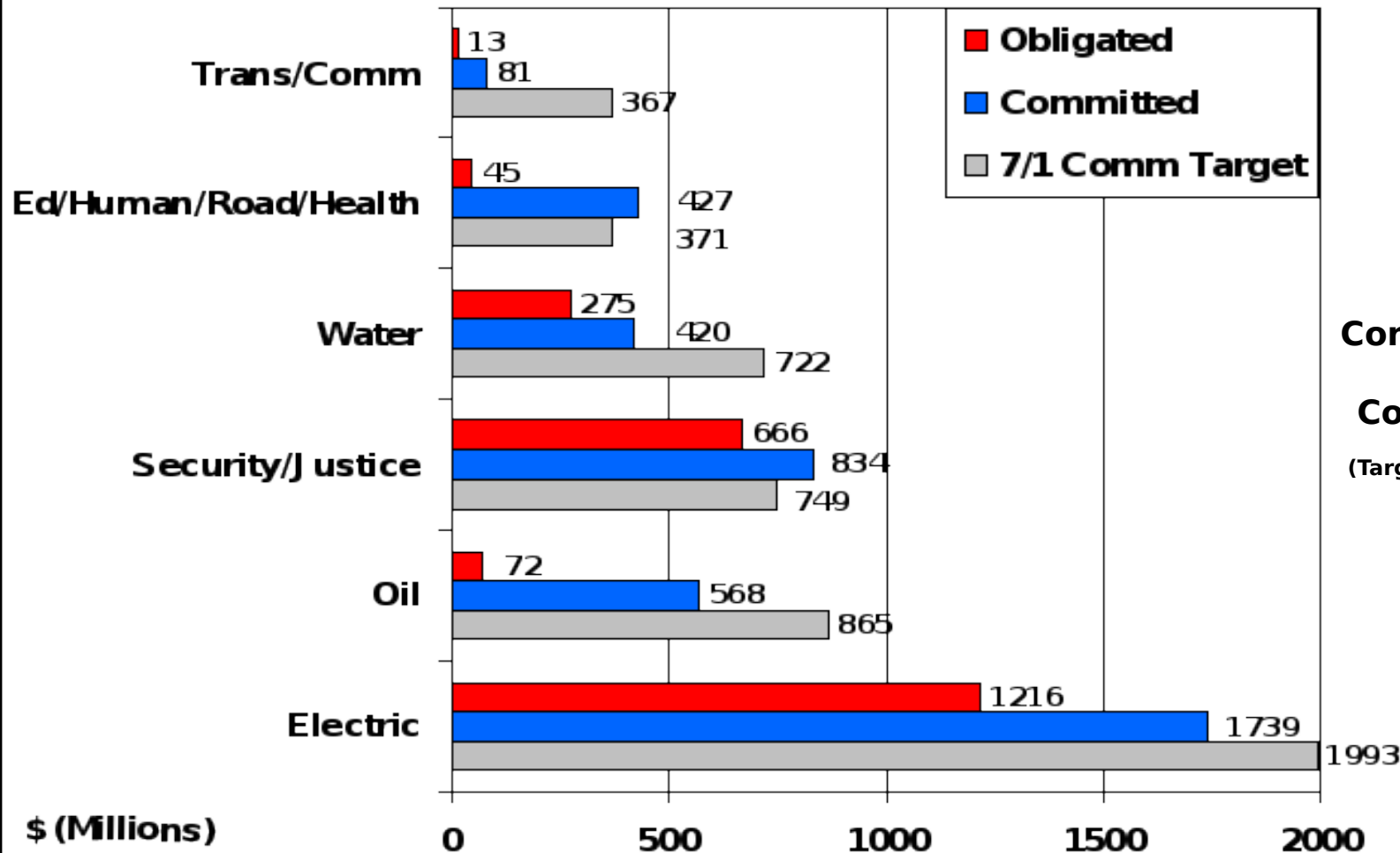
- Nearly 2,500 schools have been rehabilitated
- Primary, intermediate, and secondary students have been completing their final examinations for the school year
 - Ministry of Education reports that the examination process has been uneventful
 - Apart from a few schools in Najaf and Karbala, all schools have been open for exams including Fallujah
- To date, over 32,000 secondary school teachers and 3,000 supervisors have been trained as part of effort to upgrade the quality of education
 - Includes modern teaching methods, curriculum development, and promoting change in teaching philosophies
- Six Iraqi high school students attended the second United

CPA Education Objective: Improve Quality and Access to Education

- Reorganize and staff the Ministry of Education
- Rehabilitate school buildings and build new schools
- Advance national dialog on curriculum reform
- Continue and expand teacher training



Program Management Office (PMO)



PMO Web-site
Portal:

www.rebuilding-iraq.net

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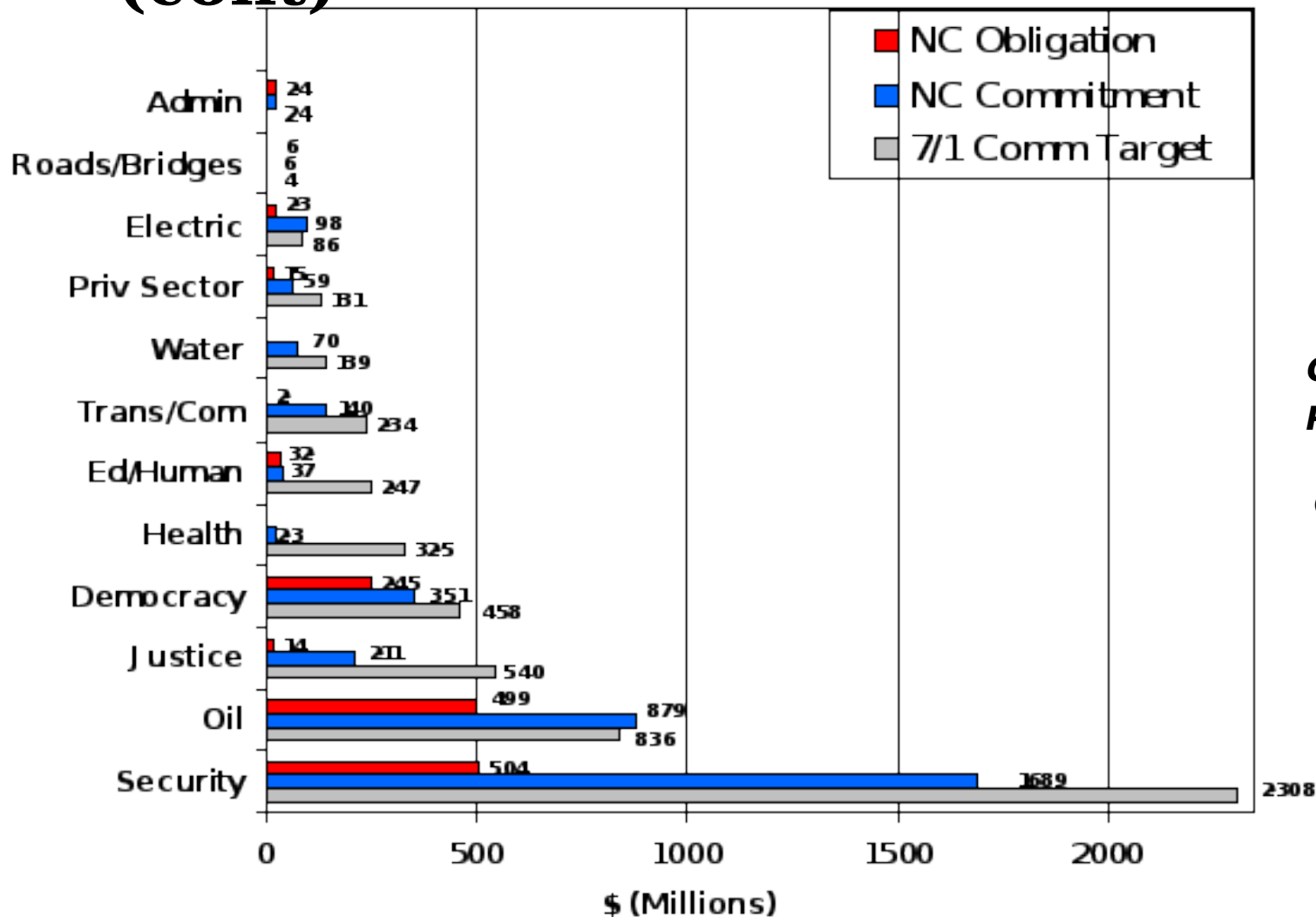
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Data as of 27



Program Management Office (PMO) (cont)



**Non-
Construction
Procurement**

*(Target figures are
for 01 Jul)*

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Economy

- On 21 May, estimated crude oil export revenue was over \$6.2B for 2004
- In Jan 04, the Ministry of Planning reported a national unemployment rate of 28% and an underemployment rate of 21.6%
- Iraq's annualized inflation rate for Apr 04 was 19.6%, down from its peak of 47.7% in Oct 03
 - Over past six months the CPI has risen by 3.5%, or 7.0% at an annual rate
 - The April CPI declined by 3.7% relative to its level in March, partially reversing the 9.2% increase in Mar
- The Trade Bank of Iraq has issued 206 letters of credit, totaling \$789.1M, covering imports from 33 countries

CPA Economic Objectives

Build Financial Market Structures; Develop Transparent Budgeting And Accounting Arrangements; Private Sector Initiatives; Design Oil Trust Fund; Lay Foundations For An Open Economy; Pursue National Strategy For Human Resources Development



Economy (cont)

- **Micro-credit loans now total almost \$5M, with 2,500 clients**
 - **Provide credit to financially viable micro and small businesses**
 - **First loan in Fallujah as micro-lending presence is established in Al Anbar Province**
- **As of 20 May, the balance in the Development Fund for Iraq (DFI) was \$10.2B (\$3.1B is already committed, and \$7.1B is slated for projected 04 budget items)**
- **Recent economic sector surveys were completed by the Iraqi Central Statistics Organization (CSO)**
 - **Will assist in economic and planning and in meeting data requirements for an IMF stabilization program**
 - **CPA and USAID providing technical support and training to build CSO's capacity to use modern statistical data and forecasting techniques**
- **A Ministry of Trade delegation attended the World Trade Organization (WTO) General Council meeting in Geneva, Switzerland**



Accelerated Iraqi Reconstruction

Program (AIRP)

- New Accelerated Iraqi Reconstruction Program (AIRP) announced to meet urgent local needs in eighteen Iraqi cities
- Projects and requirements were developed as a joint effort between CPA, PMO, various US and Iraqi agencies, and local community leadership
- Projects cover: water and sanitation, health, education, building, roads, power, and telecommunications
- Benefits of the AIRP:
 - Will employ thousand of Iraqis in high unemployment areas
 - Jump starts community essential services construction
 - 100% contract awards by 15 Jun
 - Rapid execution and impact
 - Over 160 urgent, high profile projects
 - Stimulates local economy
 - Provides opportunities for local businesses



Iraqi Budgeted Spending for 2004

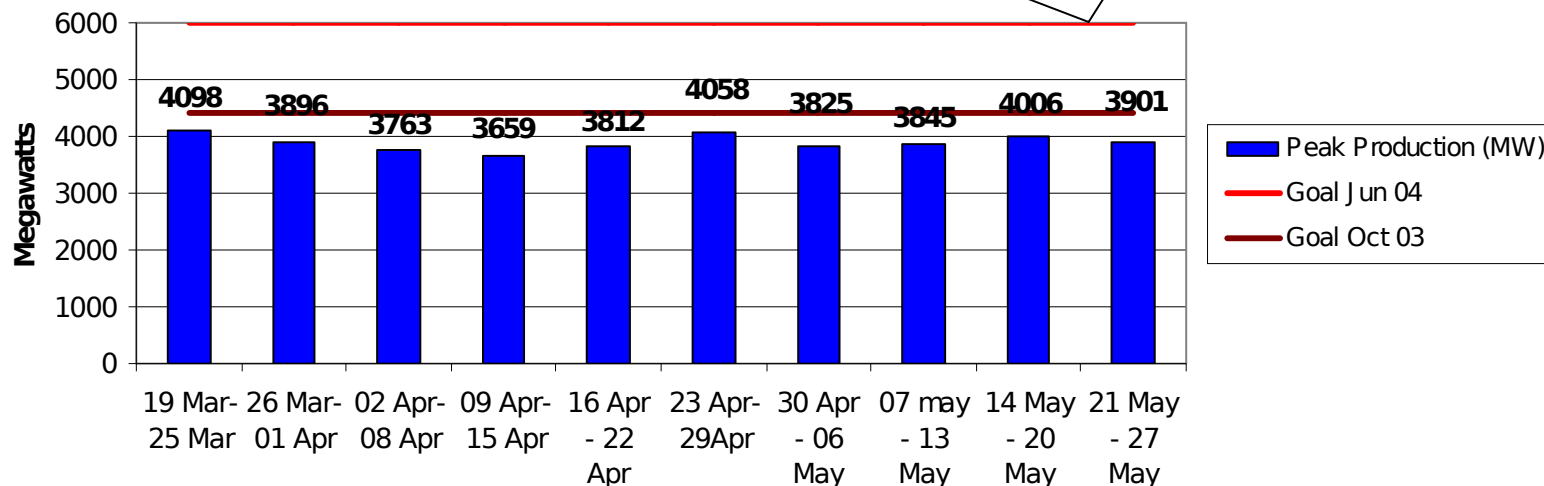
- The following chart shows Iraqi budgeted spending for 2004, from all revenue sources:

Ministry funding in millions of US\$	Revised Iraqi Budget, March 2004					New OFF	2004
	Salaries (inc. FPS)	Other Operating Expenses	Capital Projects	Other	Total	Deposits	
Finance (with selected major payments)*	17	12,938	184	814	13.953	1 580	15.533
<i>Public Distribution System</i>		2,400			2,400	200	2,600
<i>Fuel Imports</i>		2,100			2,100	0	2,100
<i>Transfer Payments</i>		1,671			1,671	0	1,671
<i>Foreign Obligations (e.g., reparations)</i>		1,432			1,432	0	1,432
<i>Local/Regional Grants</i>		831			831	0	831
<i>Salaries and Retirement Awards</i>		797			797	0	797
<i>SOE Restructuring and Salary Support</i>		761			761	50	811
<i>Regional Development</i>		600			600	277	877
<i>Nation Building projects</i>		571			571	0	571
<i>Additional Security Projects</i>		500			500	500	1,000
<i>Rapid Regional Response Program</i>		225			225	0	225
<i>CERP</i>		70			70	123	193
<i>All other</i>		981			981	430	1,411
Electricity	8	210	900	-	1,118	315	1,433
Health	230	750	50	-	1,030	0	1,030
Education	682	103	170	-	955	0	955
Transport	7	82	212	-	301	0	301
Housing	37	17	233	-	287	0	287
Oil	5	56	200	-	261	460	721
Public Works	15	21	166	-	202	0	202
Water Resources	19	7	128	-	155	0	155
Interior	367	108	10	-	485	0	485
Justice	42	67	42	-	151	0	151
Defense	77	24	0	-	101	0	101
Other Agencies	265	425	237	-	927	130	1,057
TOTAL	1,773	14,809	2,532	814	19,926	2,485	22,411



Electricity Overview

Goal 01 June 04: 6,000 MW Peak Deliverable Generation Capacity

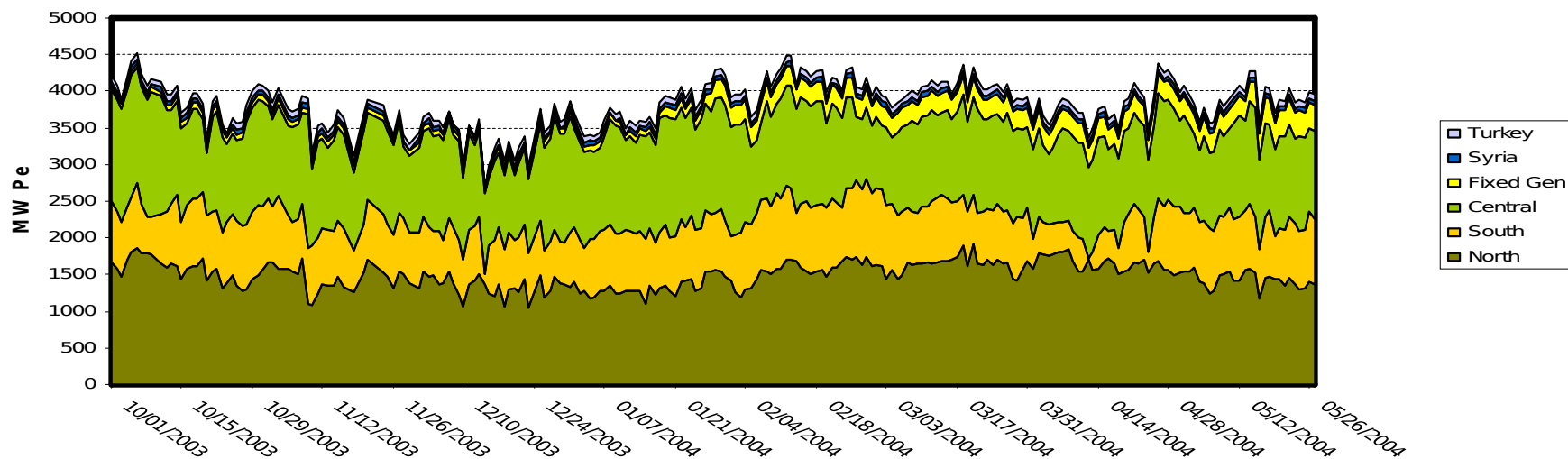
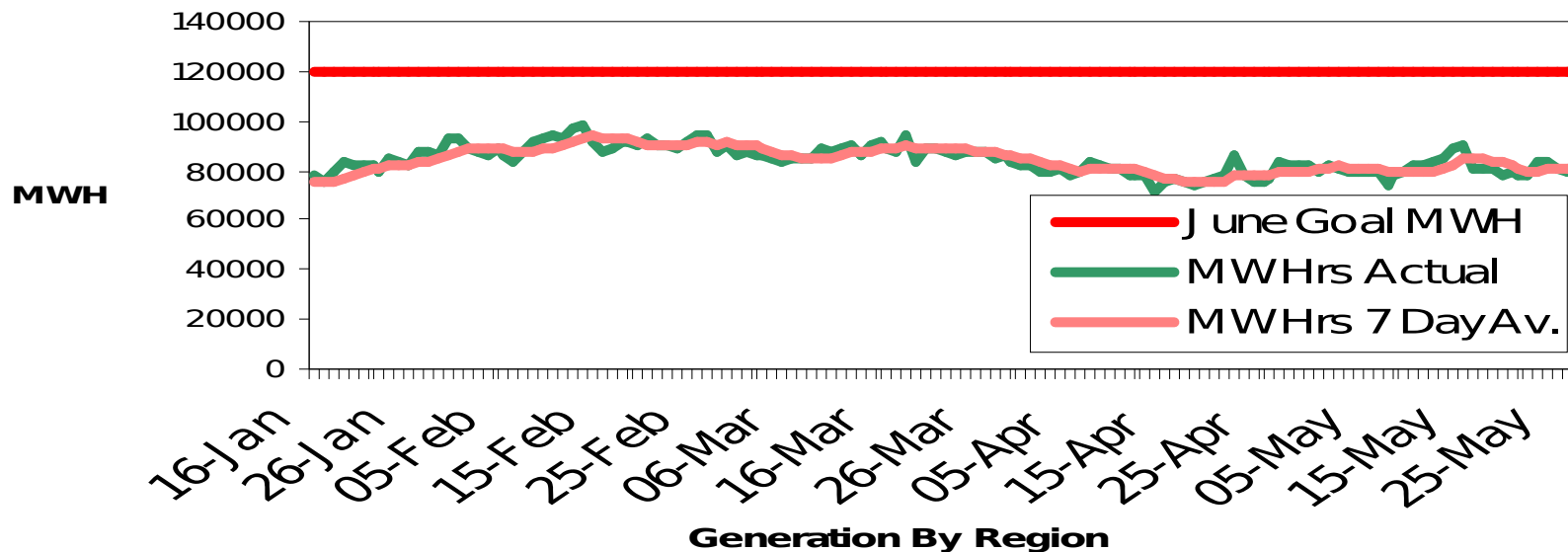


- Ambassador Bremer approved an increase plan in Jan to reach 6,000 MW of peak deliverable capacity and 120,000 MWH of daily production by 01 Jun. Due to unforeseen problems, these goals will slip until 30 Jun
- CPA spring maintenance program continues resulting in about 1,323 MW of generation capacity currently offline for scheduled and 529 MW for unscheduled maintenance



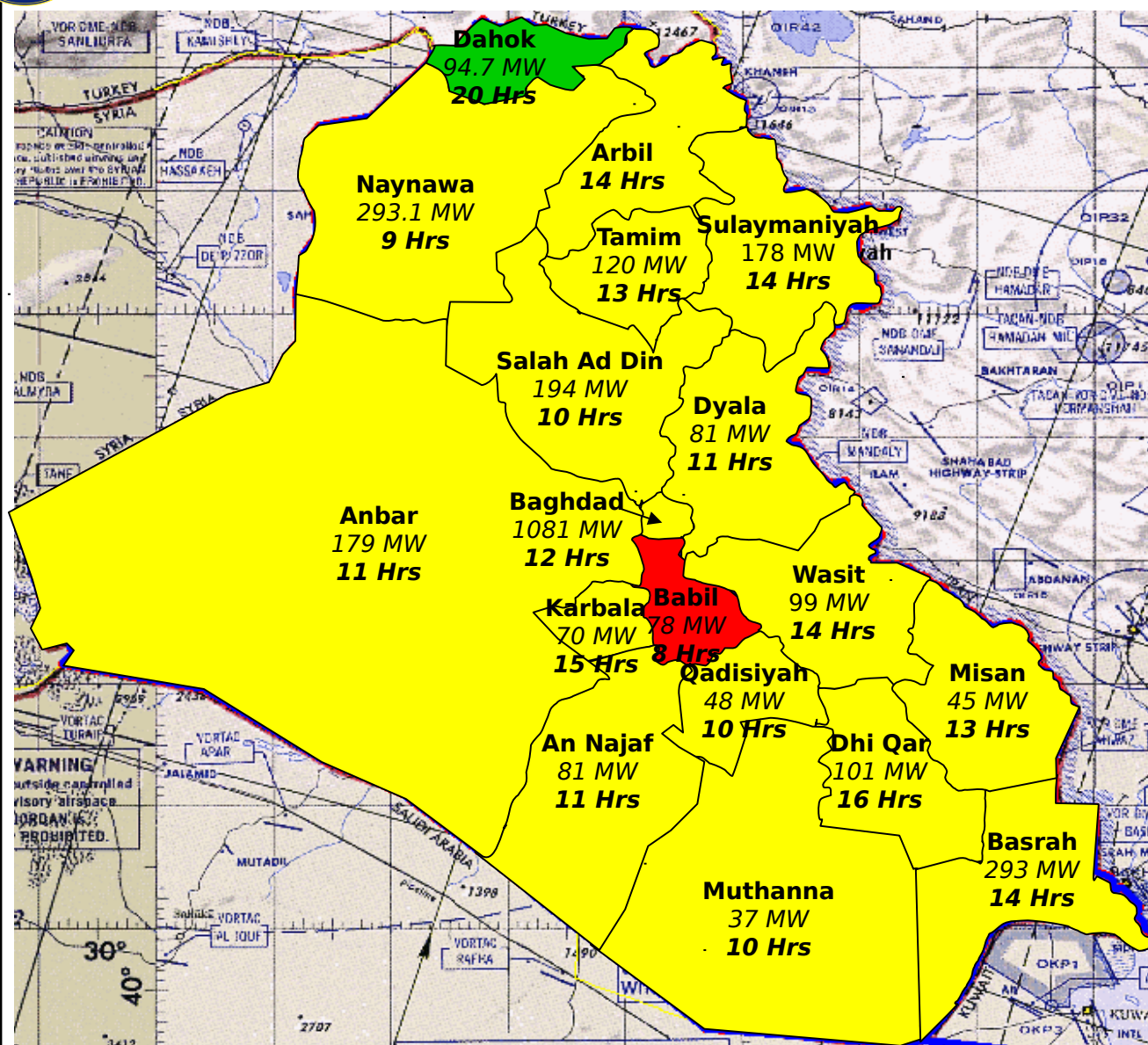
Power Production

Mega Watt Hour Production





Hours of Power - Week of 20 May



Average Hours of Electricity Available to Governorate Per Day Over a 7 Day Period

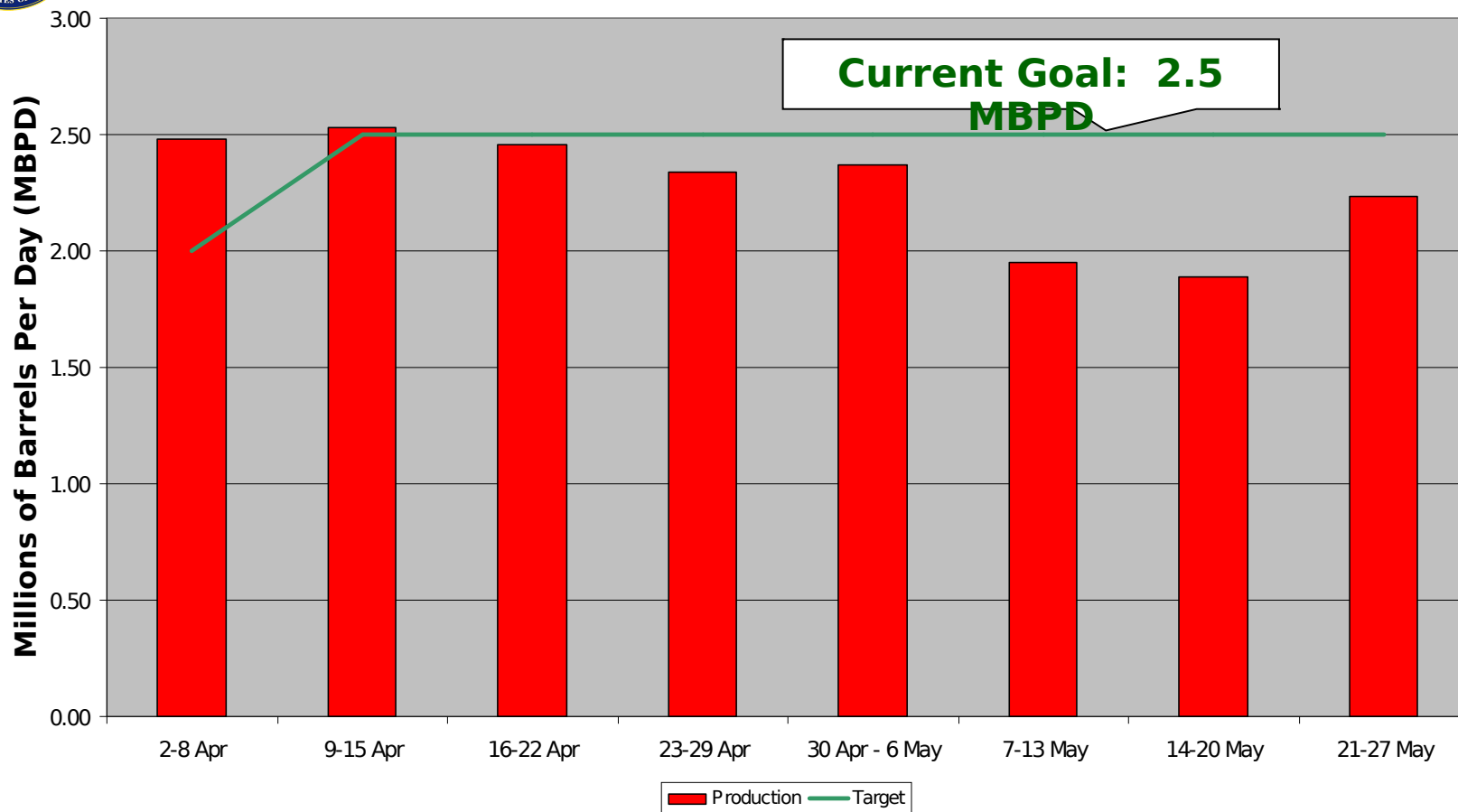
≤ 8 Hrs = Red
 9 to 15 Hrs = Amber
 ≥ 16 Hrs = Green

Percent Change (7 Days)

Baghdad	2.7%
Duhok	0.0%
Naynawa	12.4%
Tamim	10.2%
Salah Ad Din	6.7%
Anbar	8.0%
Dyala	24.8%
Babil	7.3%
Karbala	8.2%
Najaf	10.9%
Qadisiyah	7.9%
Wasit	9.4%
Muthanna	13.3%
Dhi Qar	-1.4%
Misan	7.9%
Basrah	-0.2%



Crude Oil Production



Weekly Average of 2.236 MBPD Is Below Target of 2.5 MBPD

- **Long Term Target (Dec 04): 2.8 - 3.0 MBPD (Pre-War Capacity)**

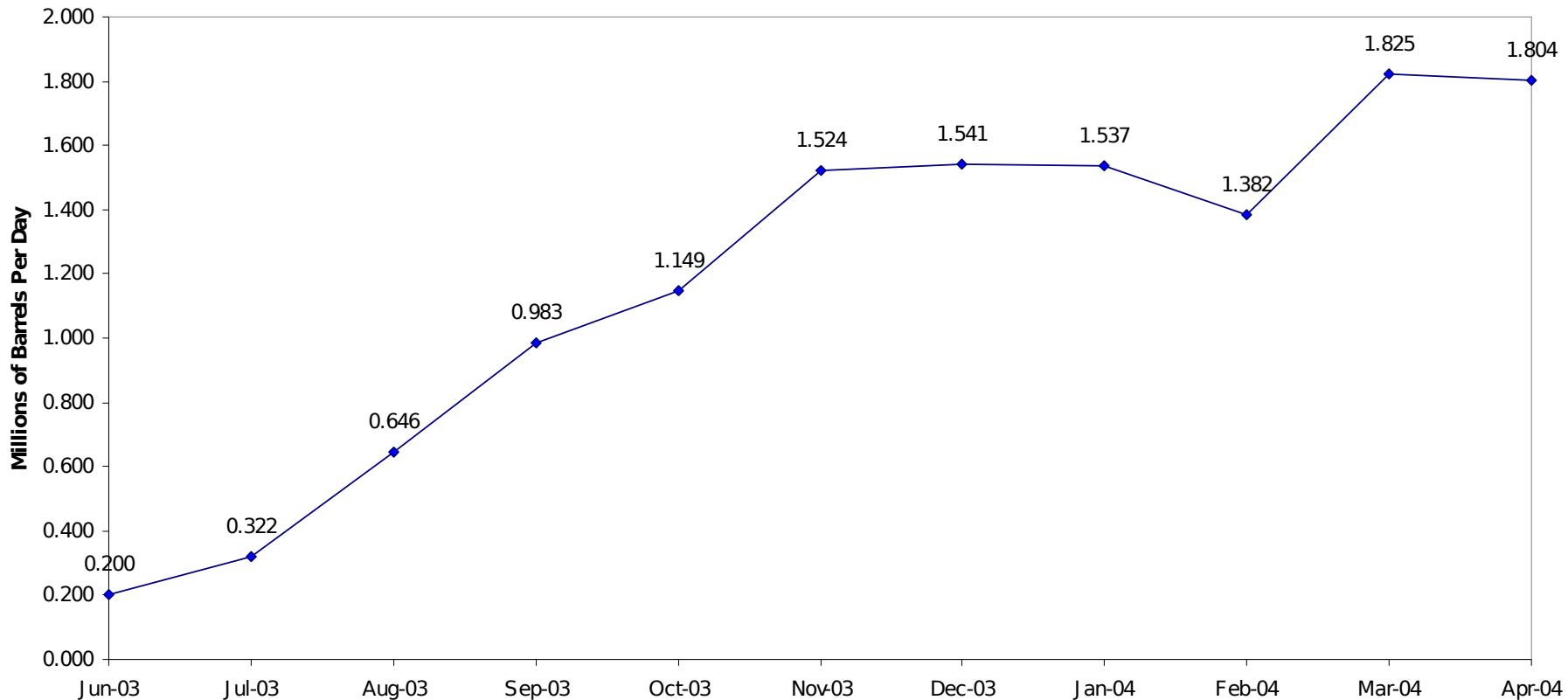
- **Pre-War Peak: 2.5 MBPD in Mar 03**

- **Post-war Peak: 2.595 MBPD on 16 Apr 04**



Crude Oil Exports

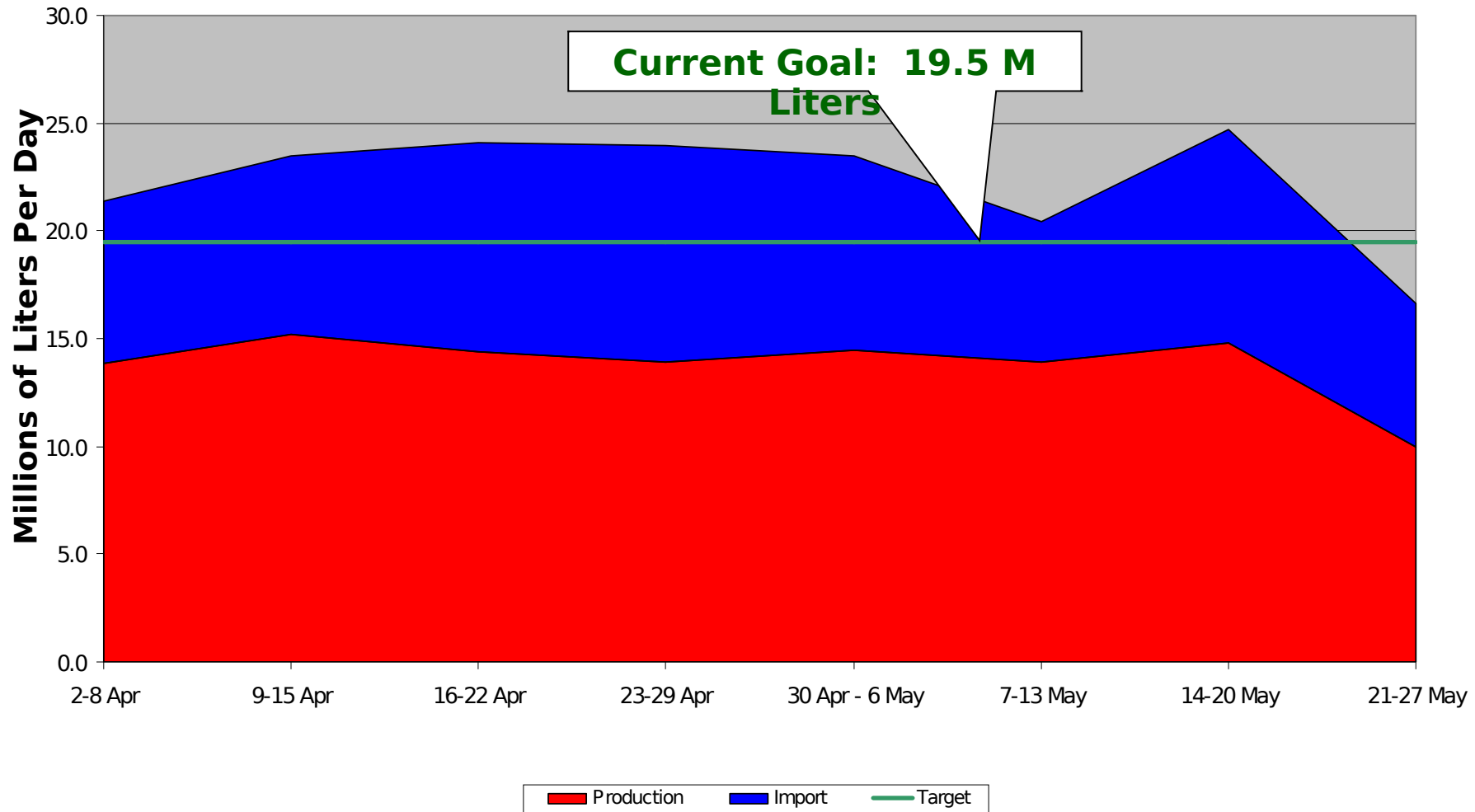
Monthly Average of Crude Oil Exports



• **Current Monthly Average: 1.198 MBPD**



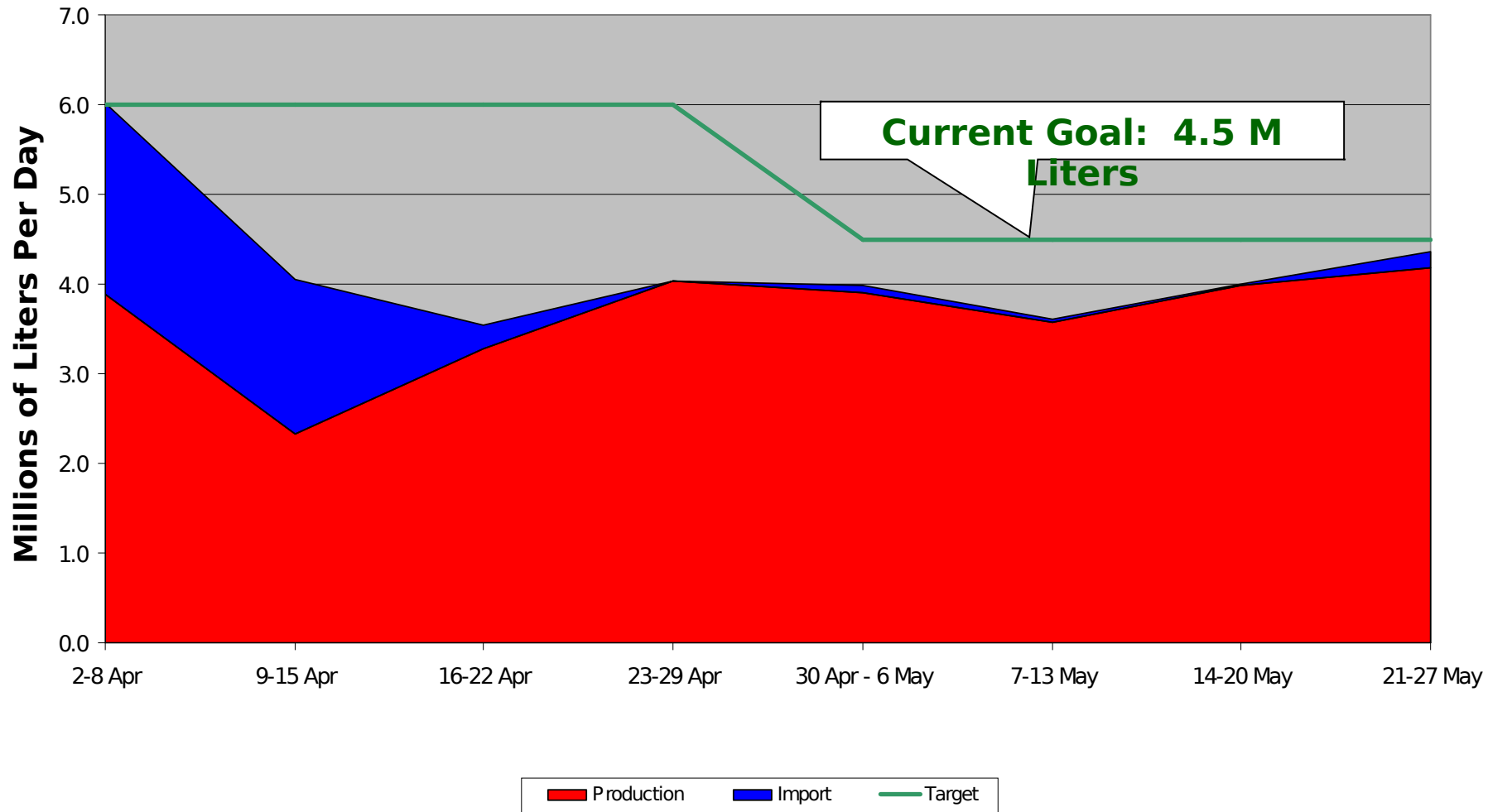
Diesel Supply



- This week's average production and imports are 85% of goal



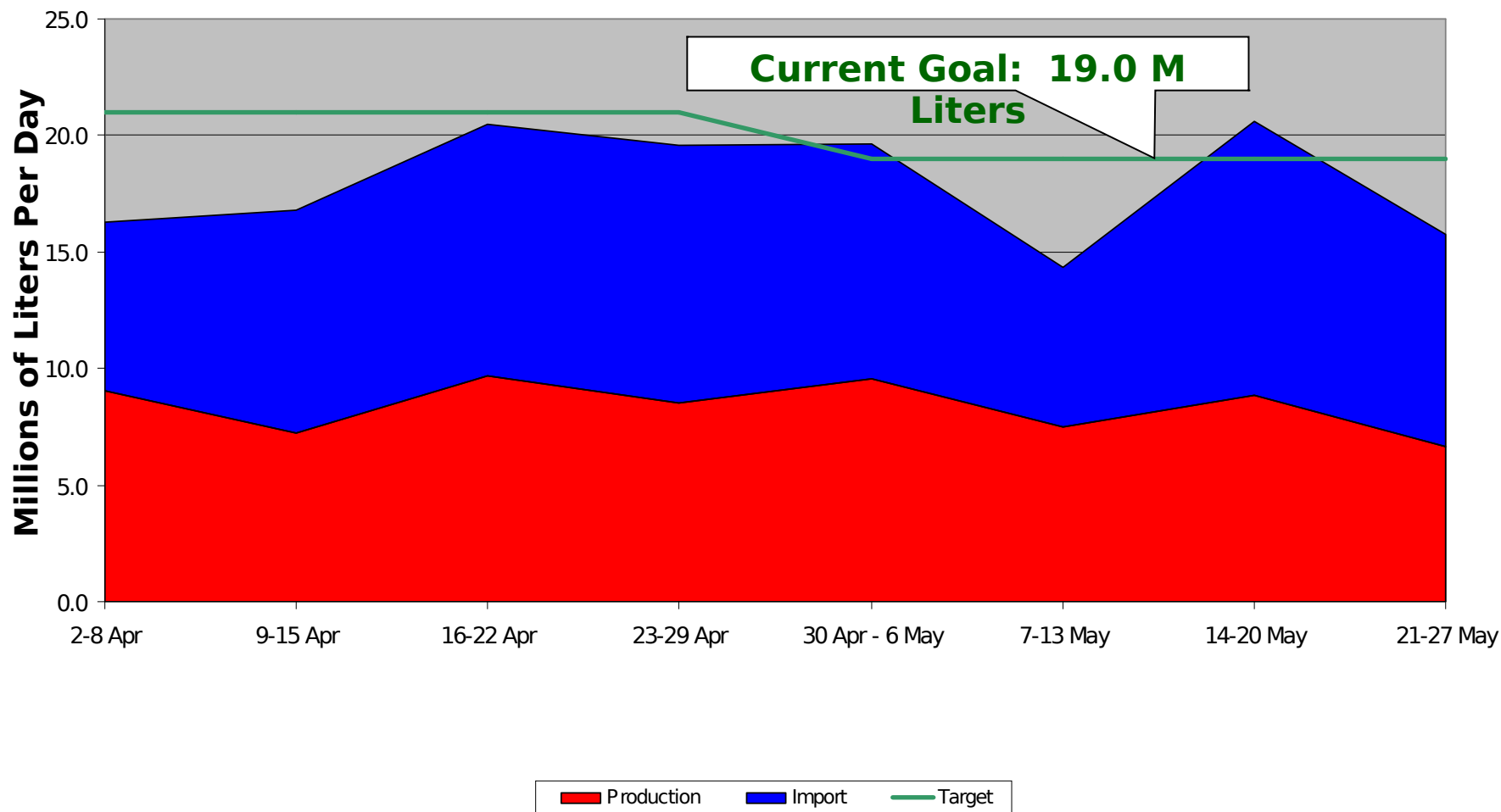
Kerosene Supply



- This week's average production and imports are 97% of goal



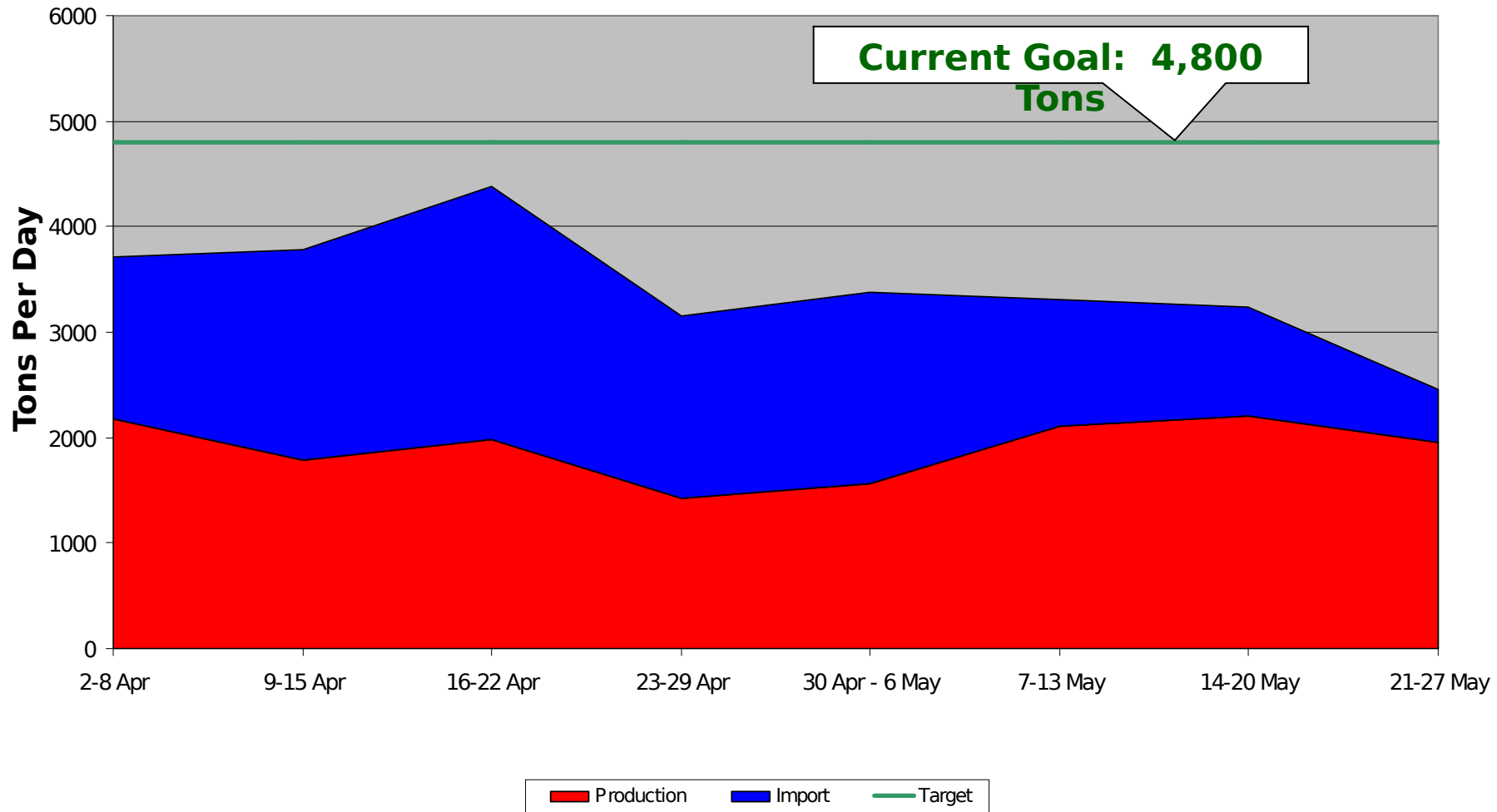
Gasoline / Benzene Supply



• This week's average production and imports are 83% of goal



Liquefied Petroleum Gas Supply



- This week's average production and imports are 51% of goal



Iraqi Security Forces Personnel & Training Summary

	Required	On Duty			Total On Duty	In Academy Training	In TIP Training	Total On Duty & In Training
		Untrained	TIP Trained	Academy Trained				
Iraqi Police Service (IPS) 1	89,369	65,084	21,018	4,701	90,803	1,174	250	92,227
Dept of Border Enforcement (DBE) 2	20,420	0	0	0	17,472	101	0	17,573
	Required	On Duty			In-Training		TOTAL	
Iraqi Armed Forces (IAF) 3	35,000	3,939			2,763		6,702	
Iraqi Civil Defense Corps (ICDC) 4	40,556	24,874			100		24,974	



Iraqi Security Forces Personnel & Training Summary (cont)

	Required	On Duty	In-Training	TOTAL
Facilities Protection Service (Ministries & MSCs) (FPS) 5	73,992	73,992	156	74,148
	Total Required : 259,337			Total on Duty and in Training: 215,624

- 1 New requirement from MNF-I 22 Apr based on better census data. IPS implementing new reporting procedures
- 2 OSC SITREP 29 Apr. DBE includes Border Police, Customs, Immigration, Nationality. There is no TIP training for DBE but Border Police received basic sentry training
- 3 MNF-I C3 Effects NISF Roll-up
- 4 OSC SITREP 29 Apr. ICDC includes the 36th ICDC BN
- 5 FPS requirements changed by Ministries. Numbers are estimated. Source OSC SITREP

Number required and total on duty reflects best available data in the wake of recent combat operations. Re-assessments and updates are continuing



Security - Build Justice

- **Ambassador Bremer announced the creation of the Special Task Force on Compensation for Victims of the Former Regime**
 - **Initial endowment of \$25 million from the Development Fund for Iraq**
- **President Bush announced that Abu Ghraib prison will be demolished, as a symbol of Iraq's new beginning**
- **The fourth of six judicial training courses has been completed, each course trains approximately 30 judges**
 - **Covers due process, rule of law, human rights, judicial independence, ethics, developments in international law, and CPA Orders**
- **Weekly programs to train about 600 court-appointed defense counselors for indigent defendants began last week**
- **Iraqi Corrections Service has improved the prisoner**

CPA Objective: Build Justice

Establish Independent Judiciary; Reform Judicial System; Improve the Penal System; Establish Commission on Public Integrity; Solidify Real Property Rights



Security - Developments

- The Coalition military headquarters, Combined Joint Task Force - 7 stood down and transitioned into the Multi-National Force - Iraq
- Fallujah has remained relatively quiet since the creation of the Fallujah Brigade and there have been no violations of the cease-fire since 03 May
- All militias have now agreed to a transition and reintegration plan
 - Almost 90 percent of the roughly 100,000 militia members will have passed into new occupations prior to the elections
- The Weapons of Mass Destruction (WMD) Personnel Redirection program continues to make progress with the hiring of 25 high-level former weapons scientists and engineers

CPA Objectives: Security

Achieve a Secure and Stable Environment; Develop Institutions that will work as scientific and technical consultants with Iraqi Ministries and the private sector in support of reconstruction efforts



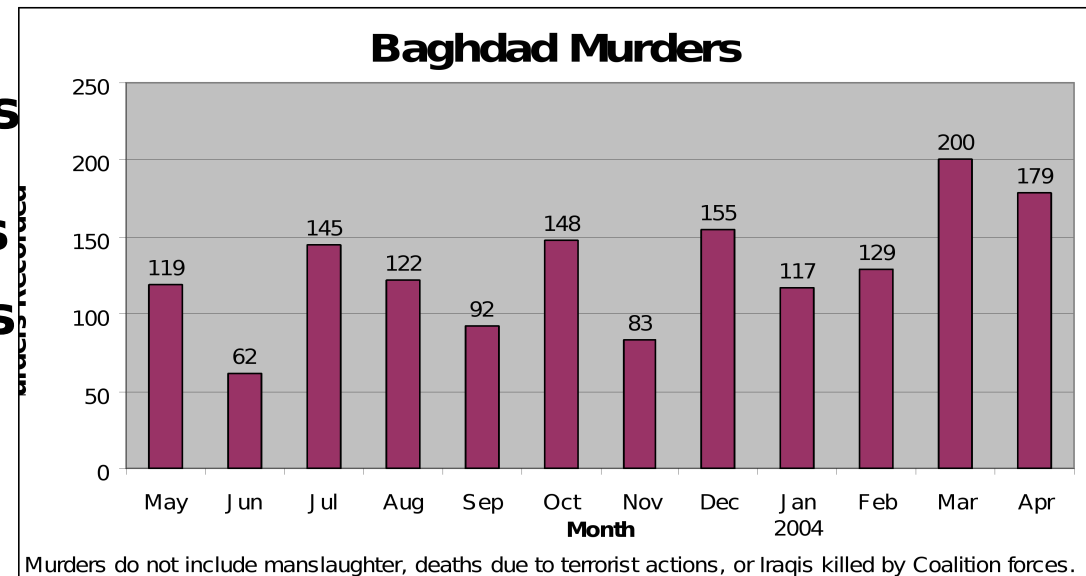
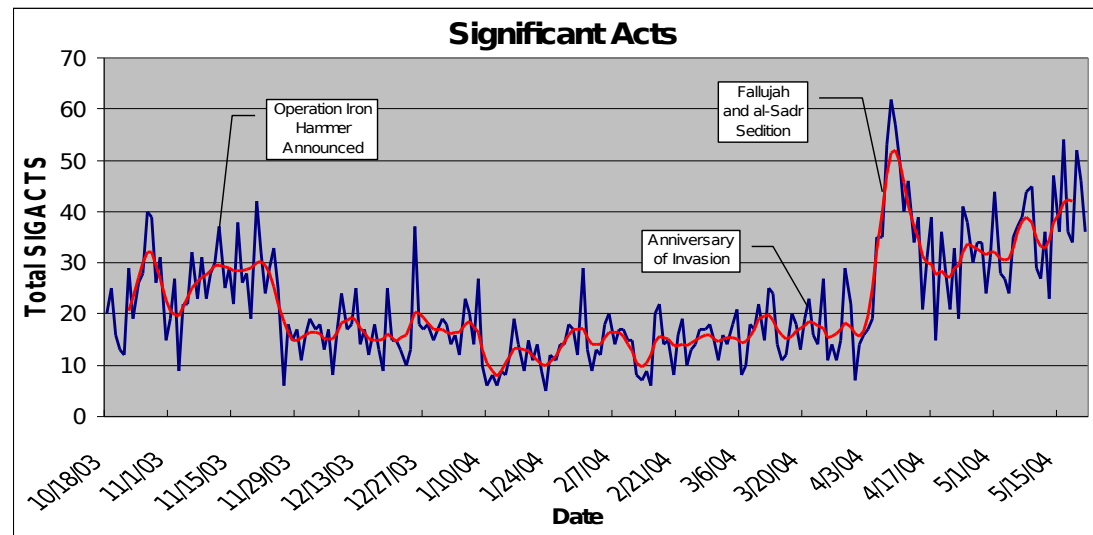
Security - Developments (Cont)

- **Key leadership of the Ministry of Defense has been appointed, including the Inspector General and all five Directors General**
- **Status of the Iraqi Army:**
 - **Three battalions conducting operations with Coalition forces**
 - **Three new battalions are training new recruits and leadership staff**
 - **One battalion is learning techniques for military operations in urban terrain through a “train-the-trainer” program**
- **19 Iraqi helicopter pilots graduated from flight training conducted at the Royal Jordanian Air Force in Jordan**
 - **All 19 airman were pilots under the former regime**
- **Thirty police managers are enrolled in the first Mid-Level Management course for the Iraqi Police Service (IPS)**
- **More than 21,000 police of the former regime are on duty**



Security - Developments (Cont)

- Chart shows significant insurgent activities in Iraq, includes attacks using:
 - Improvised explosive devices (IED), vehicle-borne IEDs, mortars, rocket propelled grenades (RPG), and improvised rockets
- Chart opposite shows murders reported to the Baghdad Police Department since May 03





Stability Contributors - OIF

Countries with forces in Iraq **Countries considering decision to provide forces for Iraq**

34

Albania
Australia
Azerbaijan
Bulgaria
Czech Rep
Denmark
Dom Rep
El Salvador
Estonia
Georgia
Honduras
Hungary
Italy
Japan
Kazakhstan
Korea
Latvia

TOTAL ~24K

Lithuania
Macedonia
Moldova
Mongolia
Netherlands
New Zealand
Norway
Philippines
Poland
Portugal
Romania
Singapore
Slovakia
Spain
Thailand
Ukraine
UK

5

**TOTAL
TBD**

**39
Countries**

**Potentially
Supporting Iraqi
Stability and
Humanitarian Relief**